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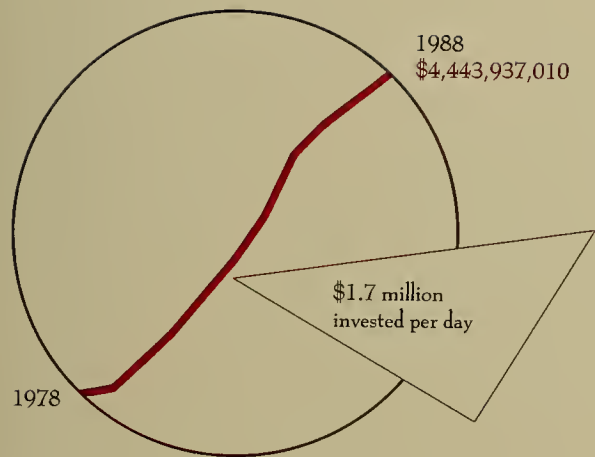
1988 ANNUAL REPORT

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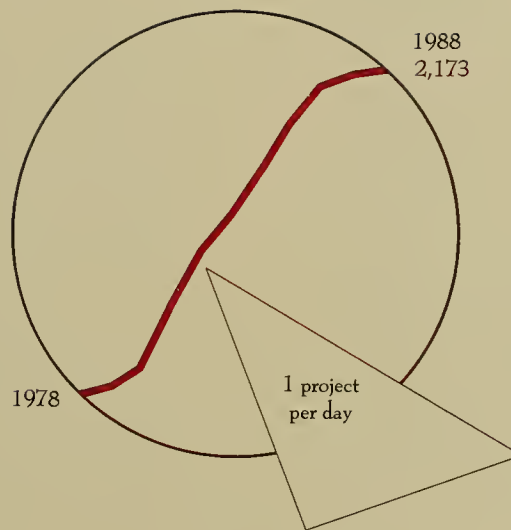


MASSACHUSETTS
JUL 11 1988
INDUSTRIAL FINANCE AGENCY

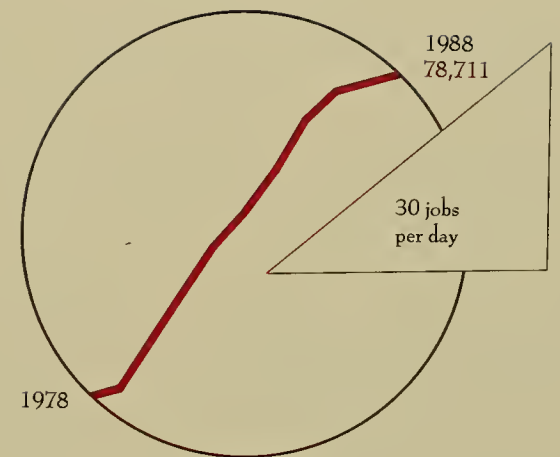
11



FINANCING TOTAL



PROJECTS FINANCED



JOBS CREATED

In 1978, MIFA was created to energize Massachusetts' economic development. As a catalyst for investment, job creation and growth, we built a 10 year track record of \$4.4 billion in bond financing and 78,000 jobs – all with private capital.

From our founding through ten years of achievement and into our future runs a common thread of strong, enduring partnerships with the State Legislature; with the business, economic development and financial communities; and, most important, with the companies, institutions and people we have helped.

Ten of our 2,173 financings are highlighted in this tenth annual report. Together, they exemplify the purpose and results of our work.

In FY 1988, the Massachusetts Industrial Finance Agency launched national prototype programs, penetrated new capital markets, and broadened our scope of operations after legislative action. In the process, the Agency issued \$362,265,000 in tax-exempt and taxable bonds – up 17% from our 1987 volume – bringing our 10 year cumulative total to \$4,443,937,010.

These accomplishments are evidence that MIFA has made a transition, becoming the state's investment bank for growing businesses and institutions by bringing borrowers directly in touch with major new sources of capital at lower costs.

Legislative Action

Two new acts passed by the Legislature and signed by Governor Michael S. Dukakis built a solid statutory platform from which to launch a new generation of economic development products and services for the Commonwealth. Yet they are only the most recent examples of strong support from lawmakers – a major factor in MIFA's success since 1978, and especially important in reshaping the Agency for fulfilling needs in the post-tax reform era.

Legislation enacted in July 1987 modernized our enabling statute to ensure that MIFA can use state-of-the-art investment banking techniques. This enhanced power allows MIFA to structure taxable financings to custom fit specific needs of businesses and other quasi-public authorities – then to open doors to capital markets on their behalf.

The second legislative change, in January 1988, expanded MIFA's ability to issue tax-exempt bonds for Massachusetts non-profit educational and cultural institutions – a sector with immense job creation potential and a major force in the state's economy.

Some non-profit institutions had never considered or had access to tax-exempt financing. Others were seeking new structures and flexibility. Recognizing an ever more complex financing environment and increased competitiveness, legislators opened the door for the state's non-profit sector to gain access to MIFA's innovative, flexible, hard-asset financing programs.

Within the first six months, MIFA completed 10 financings totaling \$302 million for institutions large and small, including Brandeis University, Harvard Community Health Plan, American National Red Cross Blood Services, Framingham Union Hospital, Emerson College, Berkshire Retirement Home, the Town of Andover, and Choate-Symmes Life Care.

The Agency invested considerable resources in reaching out to the non-profit sector. Institutional interest proved keen and investor demand virtually insatiable for such bonds. Because we can now offer even small non-profit institutions flexible, speedy, and low-cost financing solutions, we expect our non-profit bond program to grow in volume in FY 1989.

Program Momentum

From our foundation of legislative support, MIFA's efforts have produced results.

Despite the volume restrictions and purchasing restraints placed on tax-exempt private activity bonds by the Federal Tax Act of 1986, MIFA continued to issue tax-exempt bonds to the extent of our authority, but with major twists on the old debt issuing structure.

In October of 1987, for example, we issued in the public credit market the third composite bond pool backed by AAA-rated Rabobank Nederland – an \$80 billion Dutch bank. Completing MIFA's nationally recognized prototype \$50 million letter of credit agreement with Rabobank, the \$13.9 million pool financed eight small manufacturing companies. We were able to sell this third pool despite the turbulent markets that existed after Wall Street's "Black Monday".



IN 1978, GOVERNOR DUKAKIS SIGNS LEGISLATION CREATING MIFA, WITH FIRST BOARD CHAIRMAN JOHN MCP. COLLINS ON FAR RIGHT.

With the available amount of tax-exempt financing for small businesses dwindling, and with the national statutory cut-off – or “sunset” – scheduled for December 1989, the development of new funding mechanisms is essential to meet the needs of growing industrial and service sector companies. MIFA has continued to pioneer in the development of program prototypes.

Among such national prototypes is MIFA's Taxable Commercial Paper Program, introduced in May of 1988. It offers growing businesses low-cost interim financing by tapping into the \$380 billion commercial paper market. Commercial paper, a common form of short-term debt among Fortune 500 companies, has until now been inaccessible to smaller enterprises.

To issue commercial paper, MIFA structured a \$60 million letter of credit agreement with Aaa-rated Bayerische Vereinsbank AG (Union Bank of Bavaria) – a \$94 billion West German-based institution. Following Rabobank's lead, the Union Bank of Bavaria pre-delegated approval authority to MIFA, evidence that the largest financial institutions in the world are looking to MIFA as their agent in credit decisions.

MIFA also opened several other new avenues to capital sources. One financing package linked MIFA with the Pension Reserves Investment Management (PRIM) Board, which oversees more than \$2 billion in Massachusetts' state and local employee funds. To draw on this source, MIFA issued a \$5.8 million taxable IDB to finance construction of the first building in the new Worcester Biotechnology Research Park – one of five “Centers of Excel-

lence” created by Governor Dukakis to forge partnerships between industry and education.

Similar to this bond purchased for PRIM, many of the bond issues sold in 1988 were private placements – the direct sale of bonds to institutional investors. By privately placing bonds, participating banks maintain the primary relationship with important growth companies. In one case, MIFA entered into a joint marketing program with the Bank of Boston, which opened the Bank's existing corporate private placement program to MIFA's smaller clients.

Such programs are renewing the productive relationship between MIFA and Massachusetts banks, which purchased almost 90% of bonds issued by MIFA before the Tax Act of 1986.

Last year, many past recipients of tax-exempt bonds were impacted by “gross-up” clauses as a result of the 1986 federal tax law, which mandated that banks raise interest rates on the bonds they held if their corporate tax rates fell. In developing the Current Refunding Program to counter such increases, MIFA arranged a \$38 million letter of credit from Aaa-rated Barclays Bank, and issued a composite \$5.9 million tax-exempt and taxable bond pool for three small companies in Chelsea, Holliston and Worcester – the first of its kind in the country.

Leveraging Resources

In early 1986, at the recommendation of a broad cross section of business and legislative leaders, MIFA's Board voted to commit virtually all the Agency's capital and reserves to specific job producing programs. This financial commitment enabled MIFA to secure international letters of credit for small businesses and create loan pools for targeted areas. In 1988, we continued this tradition of redeploying resources to specific areas of need by removing financing barriers and teaming with other quasi-public agencies.

We made our largest loan from the Child Care Facilities Loan Fund, \$250,000 to Ramco Fabric Inc., in Fall River, and also our smallest ever,



GOVERNOR DUKAKIS CELEBRATES MIFA'S \$3 BILLION FINANCING MILESTONE IN 1984, WITH THEN-CHAIRMAN ROBERT CHADBOURNE. BOARD MEMBER RON HOMER AT FAR LEFT.



BOARD CHAIRMAN ROBERT BEAL, EXECUTIVE DIRECTOR BRIAN CARTY, GOVERNOR DUKAKIS, AND VICE CHAIRMAN DAVID SQUIRE ANNOUNCE FIRST FINANCING UNDER NEW 1988 PROGRAM FOR NON-PROFIT INSTITUTIONS.

\$20,000 for a day care center in East Boston's Logan Airport. The revolving Seafood Loan Fund – created in 1985 in partnership with the Legislature and the Governor, and capitalized out of MIFA's own reserves at \$1.5 million – has continued to serve as a catalyst for modernization in the state's seafood processing industry.

Building on a partnership also launched in 1985, MIFA continued to be an active originator of loans on behalf of the quasi-public Thrift Fund for Economic Development. In 1988, MIFA initiated eight loans to businesses ranging from a minority-owned bakery in Framingham to a high speed catamaran linking Boston to Martha's Vineyard.

Massachusetts was also selected as one of three states in a pilot program launched by the Export-Import Bank of the United States to assist small businesses. With Eximbank's guarantee, MIFA's financial expertise, and the Massachusetts Office of International Trade and Investment's technical assistance, the resulting Massachusetts Export Partnership helps smaller enterprises become more competitive in global markets.

In recognition of our leadership in creating new economic development tools, MIFA officials have been asked to participate in the national debate on the future of public finance. MIFA has remained active in the Council of Industrial Development Bond Issuers (CIDBI), and our executive director is now chairman of its Legislative Policy Committee. He was also asked to serve as one of 18 members on a national Task Force on Public Finance, chaired by Representative Beryl Anthony (D-Arkansas), which is assessing what lies ahead for public finance.

Challenges

What lies ahead? We envision the strengthening of the fundamental partnerships with state government, industry, and the financial community that we have forged in our first decade. We see a future that further fuses private sector capital with public sector priorities.

The next decade promises to be challenging – the Commonwealth's small businesses, non-profit institutions, and providers of crucial human services will need to become more competitive and access new global capital markets. As the state's investment bank, MIFA is looking forward to the challenges and opportunities of the coming decade.

Respectfully,

Robert L. Beal
Chairman of the Board

Brian T. Carty
Executive Director



August 31, 1988

A STRONG FOUNDATION

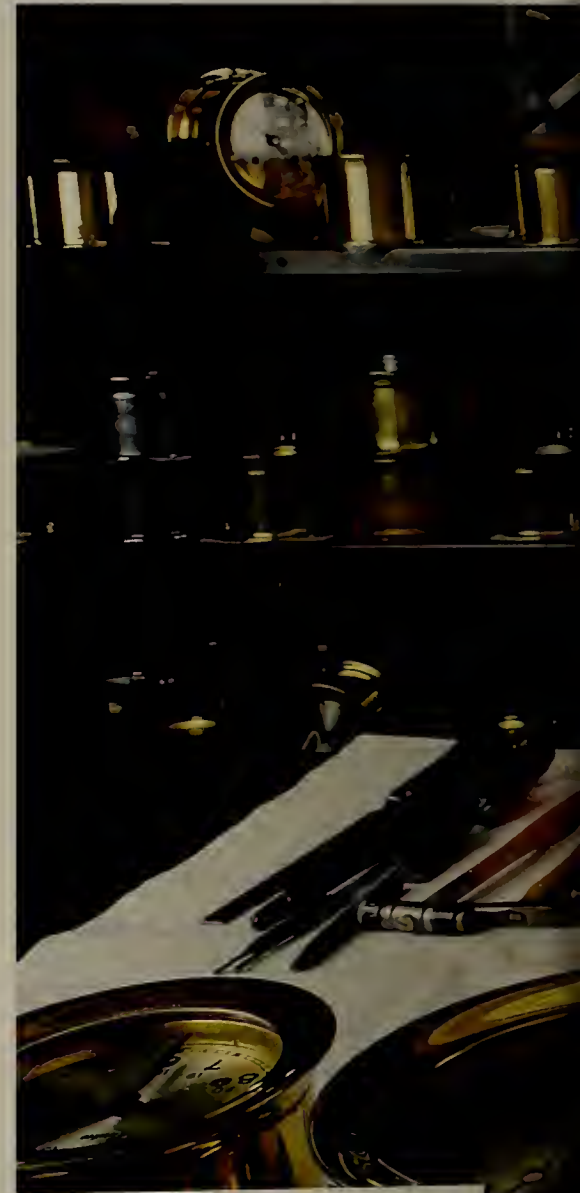
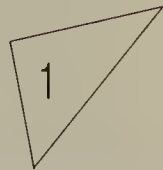
MIFA's evolution, charted in this 10-year salute, has been from a conduit issuer of tax-exempt bonds — which helped lift the Commonwealth out of the doldrums of several previous decades — into a multi-faceted statewide investment bank for businesses and institutions.

MIFA's track record and future potential flow from many relationships begun a decade ago, with a Governor who led the effort to channel private capital toward public policy objectives, with a Legislature that has repeatedly recognized the value of sophisticated financing tools through responsive statutory action, and with a business community that has demonstrated continued confidence in the Commonwealth by supporting public-private economic development partnerships.

Due to the strength of these relationships, MIFA has remained a catalytic agent for Massachusetts' economic growth.

CHELSEA CLOCK,

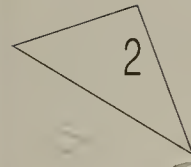
KNOWN WORLDWIDE AS THE FOREMOST
MAKER OF MARINE TIMEPIECES AND BAROMETERS, WAS
ONE OF THE FIRST BUSINESSES TO BENEFIT FROM A MIFA-
ISSUED IDB. THE \$200,000 BOND, USED FOR NEW MACHINERY
AND WAREHOUSE SPACE, HELPED HOLD JOB LEVELS
STEADY DESPITE TOUGH NEW COMPETITION
FROM OVERSEAS.







A 1975 edition of *TIME* magazine referred to Massachusetts as "the new Appalachia." Statewide, unemployment exceeded 11% and in many inner cities it approached 20%. There was wholesale and unabated disinvestment in larger cities and towns.



STOCKBRIDGE'S

Within that context, Governor Michael S. Dukakis convened a "Task

COUNTRY CURTAINS, FOUNDED BY JANE

Force on Capital Formation for Economic Development," made up

AND JACK FITZPATRICK, WAS THE PIONEER IN MAIL

of business, government, and academic leaders, to explore new

ORDER CURTAIN SALES. THE COMPANY THAT BEGAN

means of attracting and applying private sector capital to further

ON JANE'S DINING ROOM TABLE USED A MIFA TAX-

public sector policy objectives of job creation and growth. To

EXEMPT IDB ISSUED IN 1981 TO BUILD SPACE

spur investment in small manufacturing companies, MIFA was

AND PURCHASE EQUIPMENT TO SATISFY

established to expand on the work of its predecessor, the Massachu-

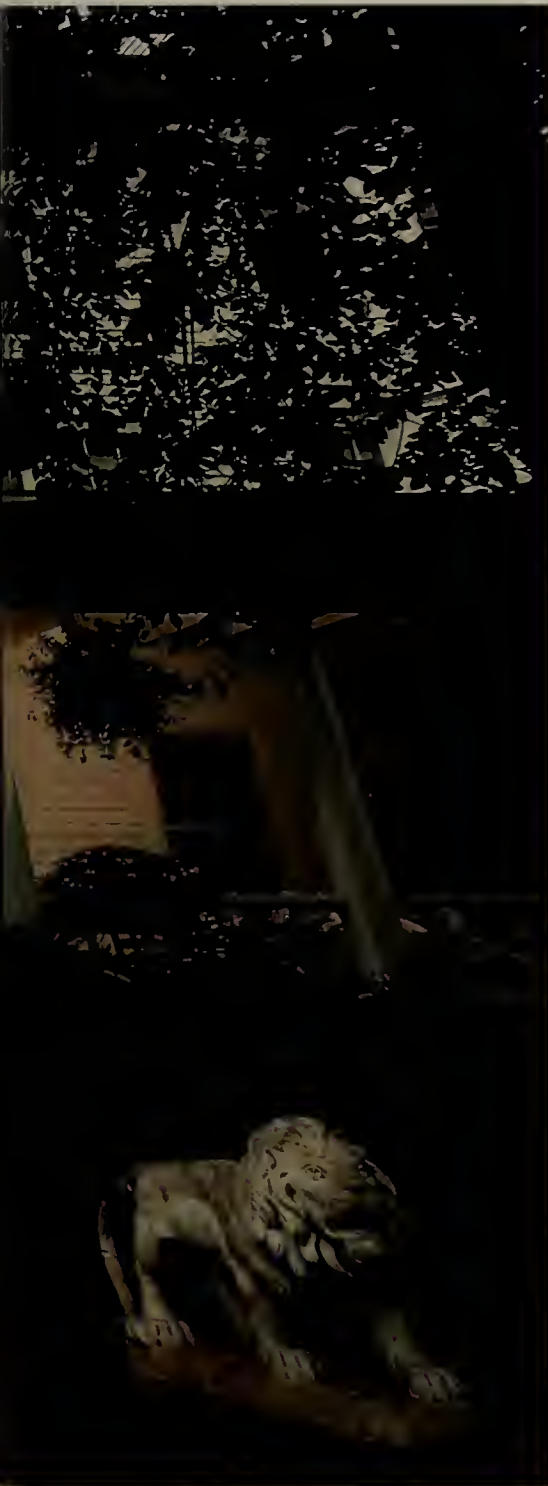
GROWTH NEEDS.

setts Industrial Mortgage Insurance Agency. Although tax-exempt funding

offered interest rate savings to borrowers at no exposure to the Commonwealth, Massachusetts lagged behind other states in using tax-exempt bonds for economic development.

"Through the creation of MIFA," the Task Force report stated, "Massachusetts can increase its competitive position by improving access to Industrial Development Bonds...Small companies do not have access to traditional capital markets at economic rates. Such bonds are the key to their expansion and job creation."

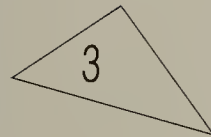
The Task Force thus noted the importance of *access* to capital markets — an objective that remains the underpinning of MIFA's programs. Yet the Task Force underestimated just how essential tax-exempt funding would be to the Commonwealth. They projected a 10 year job creation/retention figure of 20,000. In fact, in a decade, \$4.4 billion in MIFA financings for 2173 companies has helped create 78,711 jobs.





Small businesses are the backbone of the Commonwealth's economy. By lowering the cost of capital, MIFA's tax-exempt bonds helped thousands of these companies undertake hard-asset capital expansions — new construction, renovations, land, building and equipment purchases.

Some were fledgling companies that gained national recognition, like Reebok International, which secured a \$750,000 bond to build a warehouse in 1983 when it was a \$12 million business with a great idea. There were others whose names rose to prominence, such as Au Bon Pain, Falcone Piano, Cape Cod Potato Chips, Crane Paper Co.,



MANY COMPANIES

and West Lynn Creamery. Hundreds of others were in labor-intensive mature

HAVE RETURNED TO MIFA WITH NEW

industries — printers and publishers, metal fabricators, electronic

NEEDS. GRIECO BROTHERS OF LAWRENCE, A MAJOR

component makers, wire and machinery manufacturers, food

MAKER OF MEN'S SUITS, FIRST FINANCED THE RESTORATION

processors, textile companies, and rubber and plastics firms. All

OF ITS MILL BUILDING, THEN BUILT A MODEL DAY CARE

shared a thirst for expansion capital to invest in modernized

CENTER BY DRAWING ON MIFA RESOURCES. BOTH

plants and technologically advanced equipment. Eighty percent of

THE COMPANY AND ITS DAY CARE CENTER

MIFA-financed transactions were for less than \$1.5 million. Most

ARE THRIVING.

companies had fewer than 100 employees.

MIFA measures its success — its return on investment — in terms of job creation.

And small business was the sector in which jobs were being created — not in the Fortune

500 that had a net 10 year job loss.







SPURRING DOWNTOWN REVIVAL

In the 1960s and '70s, the Commonwealth's older commercial centers were in trouble. Their decline was accelerating as needed capital found its way to suburban and outer-ring developments. State policy in the late '70s provoked a dramatic revival, as the revitalization of the state's downtown areas became a priority.

MIFA awakened private investor interest and channeled investment into these renewal efforts by targeting tax-exempt bonds to locally designated Commercial Area Revitalization District (CARD) projects.

In cities such as Springfield, Lowell, Lawrence, Fall River, New Bedford and Boston, MIFA's CARD financings helped arrest the disinvestment that fostered urban decay. More than \$550 million in tax-exempt funding for over 300 commercial revitalization projects helped create the downtown rebirths now hailed nationwide as examples of what

CARD PROJECTS can be accomplished when a state teams with developers, bankers and communities to help its older cities.

CHANNLED CAPITAL INTO DOWNTOWN AREAS OF THE STATE'S OLDER CITIES, SPURRING A SERIES OF REBIRTHS THROUGHOUT MASSACHUSETTS. MIFA-ASSISTED CARD FINANCING TOTALED MORE THAN \$550 MILLION, WITH 30 PROJECTS IN SPRINGFIELD ALONE, INCLUDING THE EXPANSION OF PUBLIC TV FACILITIES.

The Federal Tax Act of 1986 declared commercial projects ineligible for tax-exempt financing. But MIFA pioneered with the nation's first *taxable* bond financing for a commercial project — a \$7.5 million publicly sold taxable IDB which combined construction and permanent financing for the 109,000 square foot, 5-story Bank of New England Plaza, a key revitalization project in downtown Pittsfield which opened in May 1988.

With the legislature, economic development groups and the business community as active partners, MIFA has consistently targeted resources to aid industries and regions with specific needs.

For example, in 1985 when the State Legislature was seeking ways to help the troubled seafood processing industry, MIFA established – and backed with \$1.5 million of its own money – a Seafood Loan Fund. The revolving direct loan program is helping an embattled traditional industry modernize and revitalize operations.

The availability of child care, for another example, became a crucial statewide employment and economic development issue. Working with the Governor's Executive Office of Economic Affairs, MIFA found a way to help through the creation of a Child Care Facilities Loan Fund – the nation's largest – that has so far helped fund six on-site, corporate-sponsored child care centers.

MIFA has also assisted the state on specific programs targeted to regional development efforts through the CARD program, to spur downtown revitalization, and with significant involvement in industrial parks. In the Taunton area, for example, 400 acres of surplus land was transferred to the city to create the Myles Standish Industrial Park. Various resources were mobilized to help the area recover from a shrinking industrial base. MIFA's role in the partnership was tax-exempt bond financing for 19 of the companies that moved into the complex in its early years. Today, 52 businesses operate there. Local unemployment has fallen from 14% to 3%.

MYLES STANDISH

INDUSTRIAL PARK, A FLAGSHIP EFFORT IN TAUNTON AREA DEVELOPMENT, LAUNCHED AN EXPLOSIVE GROWTH SURGE, WITH A HIGH-UNEMPLOYMENT REGION NOW SHARING IN THE STATE'S PROSPERITY. DECATUR & HOPKINS, A DISTRIBUTOR OF BUILDING MATERIALS, IS ONE OF 19 MIFA-FINANCED BUSINESSES IN THE PARK.

5







In the early 1980s, tax-exempt funding programs came under increasing pressure from the federal government. The Tax Acts of 1982 and 1984 set some new restrictions, and when a wide ranging overhaul of the federal tax code began in 1985, MIFA set out to chart a new course.

The Agency convened a Strategic Initiatives Committee, composed of senior executives from the principal businesses MIFA serves, to analyze unmet needs in the state's economy and to help formulate a long term plan. The Committee noted the need for continuing small business financing mechanisms. Economic booms do not last forever, they observed, and a number of regions and industries still needed special attention.

The Committee set specific objectives for the development of a taxable bond program to continue serving the financing needs not only of the smaller companies that MIFA

REEBOK'S CLIMB traditionally helped, but also of a wider range of service companies and

INTO THE FORTUNE 500 IN LESS THAN A economic development projects. This Committee revitalized the

DECADE IS NOW A WELL KNOWN STORY. BUT IN 1983, Agency's thrust to identify sources of capital and to create the

AS A \$12 MILLION COMPANY, REEBOK SECURED A TAX- structures to help small businesses gain access to those markets.

EXEMPT BOND TO BUILD AN AVON WAREHOUSE AND DIS- The Federal Tax Act of 1986 did, indeed, curtail the tax-

TRIBUTION FACILITY, SUPPORTING COMPANY exempt Industrial Development Bond program by imposing vol-

GROWTH TO ITS #1 STATUS IN AMERICAN ume restrictions on each state and by removing incentives for banks

ATHLETICSHOES. to purchase bonds. The Tax Act further restricted eligibility of manufacturers,

eliminated commercial projects from eligibility, and scheduled elimination of the tax-exempt IDB program for December 1989. But by mid-1986, MIFA was already moving in dramatic new directions.

The first breakthrough came before the ink was dry on the far-reaching tax act. In December of 1986, MIFA issued a \$21.4 million composite tax-exempt bond pool for 12 small manufacturing companies. This nationally heralded bond sale became the prototype for a new generation of economic development financing, with a structure that set the standard by which MIFA could continue to be an important agent of growth.

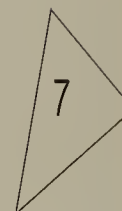
Vital to that structure was a credit enhancement agreement with AAA-rated Rabobank Nederland – one of the few triple A-rated banks left in the world. Their strength and rating allowed MIFA's clients – unrecognized on Wall Street – to borrow at interest rates normally achievable only by the Fortune 500. MIFA sold the bond pool in the public credit markets – a broad and deep pool of capital where corporate and government debt is traditionally placed and traded.

The structure also involved *pooling* – combining the borrowing needs of several small businesses to create the size necessary to attract investor interest in global capital markets. Within a year, MIFA had issued three composite bond pools under the Rabobank letter of credit, helping 27 small businesses gain an equal footing in finance with some of the largest companies in the world.

MIFA has subsequently structured almost \$200 million in credit enhancement agreements with other international banks, including Algemene Bank Nederland N.V., Barclays Bank PLC and Bayerische Vereinsbank AG (Union Bank of Bavaria).

MIFA'S OWN FUNDS
SUPPORT THE SEAFOOD LOAN PROGRAM,
WHICH HAS INVESTED \$1.5 MILLION TO ASSIST IN THE
NEEDED MODERNIZATION OF A TRADITIONAL MASSACHU-
SETTS INDUSTRY. FALL RIVER FISHING HAS USED ITS
LOAN TO IMPROVE PRODUCTIVITY IN ITS ON-SHIP
PROCESSING OF RED CRAB FOR EXPORT

WORLDWIDE.







NEW PRODUCTS

In the national debate on economic development finance after the Tax Act of 1986, taxable IDBs were a concept without a track record. Could they be a viable economic development tool? MIFA proved that the answer was "yes" in a series of prototype taxable bonds that involved varied structures and helped a diverse group of businesses.

In February 1987, MIFA developed a \$7.8 million pool composed of three small companies on the North Shore – companies typical of the thousands the Agency had helped in the past with tax-exempt funding. Backed by Essexbank (now part of the Bank of New England), the bond pool was small by public credit market standards.

CAPITAL SOURCES DEVELOPED BY MIFA HAVE

Yet not only did the pool sell out quickly, it has also performed well

PLAYED A GROWING ROLE IN THE WAKE OF TAX RE-

over time. After one year, the variable rate issue has traded below

FORM. JOHN FORRY'S POND-EKBERG CO. OF CHICOPEE OB-

the prime rate and less than 100 basis points above the federal

TAINED A FOUR-COLOR PRESS FOR ITS PRINTING BUSINESS AS

funds rate, demonstrating that taxable bonds are an attractive

ONE OF 27 COMPANIES INVOLVED IN MIFA'S BOND

financing option for small businesses.

POOLS BACKED BY AAA-RATED RABOBANK

MIFA quickly followed with the nation's first taxable IDB sold

NEDERLAND.

publicly for a commercial project – a \$7.5 million bond for the Bank of New

England Plaza in Pittsfield. Another breakthrough was a \$17.2 million taxable bond for

the Boston Scientific Corporation in Watertown – the largest single issue of its kind.

MIFA tapped into another new source of capital by issuing a \$5.8 million taxable bond

for permanent financing for the first building in the Worcester Biotechnology Research

Park – a bond purchased for the state's pension fund. In 1988, MIFA created an interim

financing mechanism – the Taxable Commercial Paper Program – that helps small

businesses get expansion capital rapidly, another first-in-the-nation program.

8



Unique opportunities now exist to link important job producing sectors of the Massachusetts economy to the most attractive sources of capital.

The State Legislature, in recognizing this phenomenon, has given MIFA the tools necessary to capitalize on our unique position in the international marketplace.

In July of 1987, legislation was enacted that augmented MIFA's financing capabilities, allowing the Agency greater flexibility to access new sources of capital — including the Eurobond market — and to design programs that fit the needs of an expanding range of businesses.

MIFA's mandate was further widened in January 1988 when it was given the authority to finance the capital expansion projects of non-profit educational and cultural institutions. This legislation recognized that the state's treasured non-profit institutions face the same complex and changing financing technologies and uncertain tax laws as do the state's growing businesses.

The response was immediate. In the first six months of the non-profit financing program, MIFA completed \$302 million in tax-exempt bonds. These financings were structured to address specific needs of the individual institutions, from raising new money to restructuring previous tax-exempt or conventional debt. The program's quick success dramatizes that MIFA's innovative and flexible approach in attracting low-cost, long-term funds works. Massachusetts' educational and cultural institutions can fulfill their goals of nourishing human potential on a sound financial footing, with more stable and predictable flows of funds.

JOINT EFFORTS OF

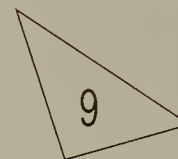
MIFA AND THE STATE'S EMPLOYEE PENSION

FUND GENERATED \$5.7 MILLION IN TAXABLE BOND FINANCING FOR THE FIRST BUILDING IN WORCESTER'S BIOTECHNOLOGY RESEARCH PARK, ONE OF THE STATE'S

QUASI-PUBLIC "CENTERS OF EXCELLENCE." VIO-

MEDICS, AN EARLY TENANT, MAKES DYES FOR

TISSUE BONDING.





TOWARD A SECOND DECADE

The past ten years have been a time of challenge, change and accomplishment. The scope of MIFA's contribution as a catalyst for private investment and job creation exceeded even the most optimistic projections. The economic development tools we now possess are far more potent and flexible than those an infant MIFA possessed a decade ago.

Our partnerships with leaders in the public and private sectors have been integral to MIFA's success. So too have been the dedicated efforts of the 24 public-spirited citizens who have served on MIFA's Board of Directors since 1978. Their enthusiasm has sparked the Agency's thrust toward innovation and broader service.

THE NON-PROFIT EDU-

CATIONAL AND CULTURAL RESOURCES OF

MASSACHUSETTS ARE THE ENVY OF THE WORLD.

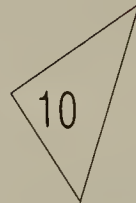
NOW THESE ORGANIZATIONS, LARGE AND SMALL, HAVE A

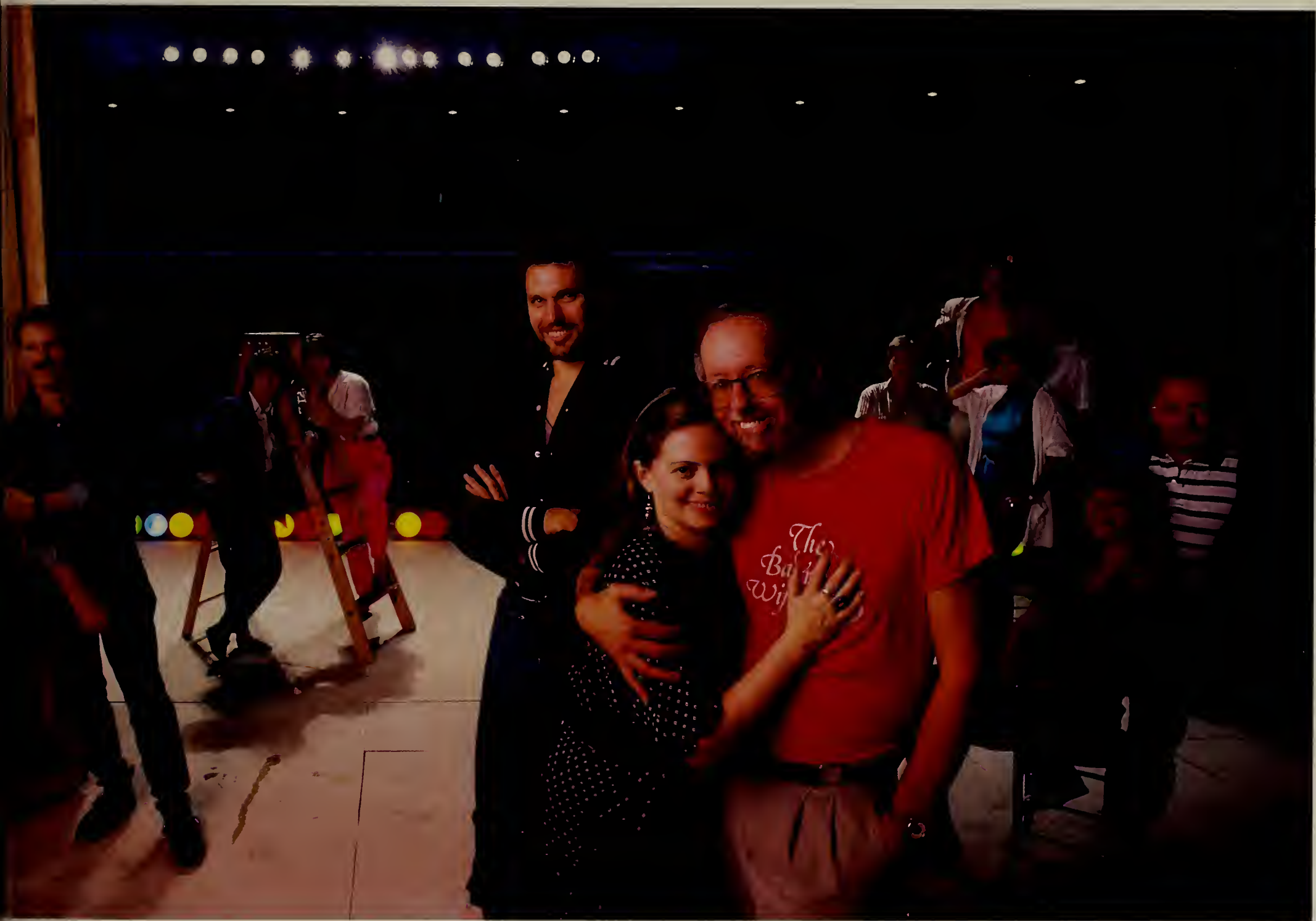
NEW SOURCE OF FINANCING HELP IN MIFA. SPINGOLD

THEATER'S UPGRADING IS ONE PROJECT IN BRANDEIS

UNIVERSITY'S \$10.2 MILLION, 3-YEAR CAPI-

TAL PROGRAM.







MIFA FINANCING RECORD

	Projects	Bond Amount	Jobs
<i>Bonds</i>			
Tax-exempt Private Activity Industrial Development Bonds	19	\$ 52,570,000	557
Tax-exempt Non-profit 501(c)(3) Bonds	10	302,625,000	1,183
Taxable Industrial Development Bonds	5	7,070,000	242
1988 □	34	362,265,000	1,982
1978-1988	2,173	\$4,443,937,010	78,711

	Projects	Amount
<i>Direct Loans (Seafood, Child Care, Thrift)</i>		
1988	14	\$ 7,235,000
Cumulative	31	\$ 20,687,000
<i>Refundings</i>		
1988	13	\$ 36,732,800
Cumulative	24	\$151,604,916
<i>Mortgage Insurance Program</i>		
1988	9	\$ 3,933,000
Cumulative	95	\$ 24,791,059

□ Refers to FY 1988 – July 1, 1987 to June 30, 1988

MIFA'S BOND PORTFOLIO BY PROJECT TYPE - 1978 - 1988

	Projects	Bond Amount	Jobs
Industrial/Manufacturing			
Health Care	23	\$ 91,362,020	2,677
Research & Development	55	109,945,950	5,646
Warehouse & Distribution	336	463,433,200	10,012
Manufacturing (Traditional manufacturing, high tech, service, agricultural)	1,376	1,954,063,490	58,201
Commercial	325	558,781,520	☆
Non-profit	30	389,675,830	1,461
Environmental/Solid Waste	28	876,675,000	714
Total:	2,173	\$4,443,937,010	78,711

☆ Because job creation in commercial projects is speculative, this figure is not included

TAX - EXEMPT & TAXABLE INDUSTRIAL
DEVELOPMENT BOND PROJECT LISTING

Company	Location	Bond Amount	Board Approval	Jobs
Worcester Business Development Corporation	Worcester	\$ 5,775,000	08/87	180
Wheelabrator Millbury, Inc.	Millbury	325,000	09/87	57
Arthur Blank & Company, Inc.	Boston IDFA	6,000,000	10/87	106
Boston Beer Company	Boston	5,200,000	10/87	58
Chu Associates, Inc. °	Littleton	1,560,000	10/87	15
Commonwealth Packaging Corporation °	Chicopee	1,850,000	10/87	5
Consolidated Coating Co., Inc. °	Hopedale	1,535,000	10/87	15
Ken's Foods, Inc. °	Marlborough	2,105,000	10/87	25
Mann Industries, Inc. °	Framingham	1,145,000	10/87	20
Nichols & Stone Company °	Gardner	1,750,000	10/87	20
Noonan Press, Inc. °	Plymouth	1,025,000	10/87	17
Robbins Company, The °	Attleborough	2,940,000	10/87	26
E.T. Fahey, Inc.	Northborough	3,400,000	11/87	10
Netstal-Machinery, Inc.	Fitchburg IDFA	4,100,000	11/87	26
Bete Fog Nozzle, Inc.	Greenfield	2,100,000	12/87	20
Catamount Manufacturing, Inc.	Orange	3,100,000	12/87	30
New England Biolabs, Inc.	Beverly	5,500,000	12/87	72
Precise Fabricating Corp.	Georgetown	1,530,000	12/87	11
Quabaug Corporation	N. Brookfield	1,700,000	12/87	37
Town & Country Jewelry Manufacturing Corp.	Chelsea	4,430,000	12/87	26
White Rock Products Corp. □	New Bedford	1,600,000	12/87	18
James J. Derba, Inc. ◇	Chelsea	170,000	04/88	*
Easy Day Manufacturing Co. ◇	Holliston	250,000	04/88	*
Sack Storage Corporation ◇	Worcester	550,000	04/88	5
Total: 24 Projects		\$59,640,000		799

° Participants in Rabobank Nederland-backed composite tax-exempt bond pool

◇ Participants in Barclays Bank-backed composite bond pool

□ MIFA/Bank of Boston Private Placement Program

* Indicates job retention

NON-PROFIT INSTITUTIONS / 501(c)(3)
TAX-EXEMPT BOND PROJECT LISTING

Institution	Location	Bond Amount	Board Approval	Jobs
Choate-Symmes Life Care, Inc.	Lexington	\$ 28,865,000	11/87	80
American National Red Cross Blood Services	Dedham	6,760,000	02/88	*
Harvard Community Health Plan, Inc. (Series A)	Brookline	49,500,000	03/88	600
Harvard Community Health Plan, Inc. (Series B)	Brookline	109,245,000	03/88	+
Town of Andover	Andover	1,000,000	04/88	4
Kimball Farms/Berkshire Retirement Community, Inc.	Lenox	16,885,000	06/88	76
Brandeis University	Waltham	10,200,000	06/88	15
Emerson College (Series A)	Boston	23,600,000	06/88	408
Emerson College (Series B)	Lawrence	36,400,000	06/88	+
Framingham Union Hospital (Series A)	Framingham	20,170,000	06/88	*
Total: 10 Projects		\$302,625,000		1,183

* Indicates job retention

+ Job figure includes both Series A and Series B

INDUSTRIAL DEVELOPMENT BOND
REFUNDING PROJECT LISTING

Company	Location	Refunded Bond Amount
Bristol Hotel Associates	New Bedford	\$ 6,000,000
Easy Day Manufacturing Co. ◇	Holliston	3,330,000
James J. Derba, Inc. ◇	Chelsea	905,000
KRH Rolls, Inc.	Orange	1,810,000
Longview Fibre Company	West Springfield	2,070,000
Methuen Company, The	Methuen	5,895,000
Pepsi-Cola Metropolitan Bottling Co., Inc.	Taunton IDFA	2,750,000
Portland Causeway Realty Trust □	Boston	3,300,000
Sack Storage Corporation ◇	Worcester	755,000
Stetson Place Development	Weymouth	6,435,000
Venture Tape Corp. □	Rockland	1,640,000
White Rock Products Corporation □	New Bedford	1,100,000
William S. Anthony Trust □	Hyannis	742,800
Total: 13 Projects		\$36,732,800

□ MIFA/Bank of Boston Private Placement Program

◇ Participants in Barclays Bank-backed composite bond pool

DIRECT LOAN PROGRAMS

Company	Location	Loan Amount
<i>Seafood Loan Fund</i>		
Lobster Trap Company, The	Bourne	\$ 125,000
Nu-C Products, Inc.	Gloucester	175,000
Eastern Clam Corporation	Lakeville	100,000
Total: 3 Projects		\$ 400,000

Child Care Facilities Loan Fund

Ramco Fabrics, Inc. Day Care Center	Fall River	\$ 250,000
Boston Kids Too, Inc.	Boston	20,000
Total: 2 Projects		\$ 270,000

Thrift Fund for Economic Development

Opera Company of Boston, Inc.	Boston	\$ 600,000
New England Aquatics Center	Danvers	300,000
Professional Brush Corporation	Northampton	1,100,000
Techni-Products Inc.	East Longmeadow	300,000
Circadian Technologies, Inc.	Wellesley	850,000
Vispy's Enterprises Co., Inc.	Framingham	280,000
American Garter Company, Inc.	Ware	635,000
Bay State Spray & Provincetown Steamship Co.	Boston	1,500,000
Museum Place Realty Trust	Salem	1,000,000
Total: 9 Projects		\$6,565,000

MORTGAGE INSURANCE PROGRAM °

Company	Location	Insurance Amount
<i>1988 Mortgage Insurance Commitments</i>		
East India Mall	Salem	\$ 500,000
Chu Associates, Inc.	Littleton	312,000
Consolidated Coating Co., Inc.	Bellingham	307,000
Ken's Foods, Inc.	Marlborough	421,000
Robbins Company, The	Attleborough	588,000
Commonwealth Packaging Corporation	Chicopee	370,000
Mann Industries, Inc.	Framingham	572,500
Noonan Press, Inc.	Plymouth	512,500
Nichols & Stone Company	Gardner	350,000
Total: 9 Projects		\$ 3,933,000

Outstanding Mortgage Insurance Commitments

Astrofoam, Inc.	Holden	\$ 679,000
Brady Enterprises, Inc.	East Weymouth	995,000
Cambridge Aero Instruments Inc.	Shirley	106,000
Capri Custom Cabinetry, Inc.	Plymouth	522,500
Eastern Container Corporation, Inc.	Springfield	240,000
G.F. Sprague & Company, Inc.	Holbrook	132,000
Hero Coatings, Inc.	Newburyport	147,000
Mar-Ell Distributors, Inc.	Walpole	340,000
Morse Manufacturing Co., Inc.	Sterling	189,000
Quality Printing Company, Inc.	Pittsfield	104,000
W.C. Bonner Company, Inc.	Hudson	558,000
Wilmington Fabricators, Inc.	Wilmington	969,000
Alden Merrell Corporation	Newburyport	364,000
Pond-Ekberg Company, Inc., The	Chicopee	162,000
Astra Corporation	New Bedford	266,000
GEM Industries, Inc.	Gardner	222,000
Ramco Fabrics, Inc.	Fall River	743,000
Mariner Publications	Marshfield	195,000
Transistor Specialties, Inc.	Danvers	263,000
Carr Leather	Lynn	154,347
Astro Circuit	Lowell	17,597

Company	Location	Insurance Amount
Northeast Offset	Chelmsford	5,223
Morgan Industries	Somerville	40,837
Bay West Associates	Boston	457,500
Spinale (EDA Machine)	Attleborough	195,129
Powell Corporation	Haverhill	220,098
Huntington Homes, Inc.	Orange	660,992
Airex Corporation	Attleborough	108,028
Wellington Cold Storage & Warehouse Corp.	Medford	566,902
Falcone Piano Company, Inc.	Haverhill	466,476
Cape Pond Ice Company	Gloucester	129,619
Fields Hosiery Industries, Inc.	Stoughton	432,086

Total: 32 Projects \$10,651,334

Grand Total: 41 Projects \$14,584,334

° Industrial Mortgage Insurance Fund

The Massachusetts Industrial Finance Agency is an independent public agency established to stimulate private investment and job creation through a variety of hard-asset financing incentives. MIFA's bonds are not backed by the general obligation of the Commonwealth. The Agency receives no state funding.

Non-Profit Institutions/Tax-Exempt Bond Program

Tax-exempt 501(c)(3) Bonds are available to educational and cultural institutions, including colleges and universities, private secondary and elementary schools, adult education and specialized schools, teaching hospitals, museums, community centers, and performance halls. Bonds can be used for acquisition, construction, or renovation of buildings, land or equipment purchases, or refinancings. 501(c)(3) Bonds are not subject to the statewide volume cap on tax-exempt funding.

Tax-Exempt Industrial Development Bond Program

Tax-exempt IDBs can be used by manufacturers to construct new facilities, expand or renovate an existing facility, or purchase new equipment. The federal tax laws have reduced the availability of tax-exempt financing. Commercial projects and warehouse and distribution facilities are no longer eligible.

Taxable Industrial Development Bond Program

Taxable IDBs are available for a wide range of industrial and commercial capital expansions including manufacturing, warehouse and distribution, and research and development projects. Bond proceeds can be used for the acquisition, construction, or renovation of buildings and land, for the purchase of equipment, or for refinancing existing asset-based debt.

While these bonds are subject to federal income taxes, they are exempt from the state income tax, are not subject to complex IRS restrictions placed on tax-exempt IDBs, and have no size restrictions.

Current Refunding Program

Refunding enables past IDB recipients affected by "gross-up" clauses to refund their previous bond through a new tax-exempt issue. "Gross-up" clauses were triggered by the lower corporate tax rates in the new federal tax code. By refunding, companies can restructure existing debt to take advantage of changing markets or to gain flexibility.

Taxable Commercial Paper Program

This program offers smaller growing companies short term, interim financing for fixed-asset expenditures — construction, expansion, renovation, land or equipment purchases. By raising funds in the \$380 billion commercial paper market, smaller companies access the same capital

market favored by the largest corporations. MIFA's taxable commercial paper is backed by a letter of credit from Union Bank of Bavaria.

Child Care Facilities Loan Fund

The largest such fund in the country provides up to \$250,000 to companies, developers, and non-profit organizations for acquisition, renovation, construction, and permanent installation of equipment for on-site child care facilities. Through this program, companies can obtain low-cost capital to provide employees with convenient child care.

Seafood Loan Fund

This fund provides low rate financing for seafood processing companies. The fund is targeted to four areas of innovation: 1) utilization of fish by-products; 2) improved product quality; 3) surimi production; and 4) improved distribution and marketing. Loans up to \$200,000 are available to finance innovative or modernized equipment and technologies.

Thrift Fund

MIFA is one of four quasi-public authorities designated to originate, service and monitor direct loans from the Thrift Institutions Fund for Economic Development, a \$100 million pool of capital serving businesses that cannot finance conventionally. Priority is given to job creation in areas of high unemployment. MIFA originates all Thrift Fund loan requests over \$250,000 for plant expansions and equipment purchases.

Mortgage Insurance Program

MIP helps smaller businesses obtain the full amount of expansion capital needed for growth plans. With MIFA insuring a portion of a loan, lenders can increase loan amounts without increasing their net exposure. MIFA will insure conventional loans as well as IDB financings. Insured amounts range from 10 to 40% of the loan, with a ceiling of \$500,000 for real estate and \$250,000 for equipment.

Massachusetts Export Partnership

Sponsored in conjunction with the Export-Import Bank of the United States and the Massachusetts Office of International Trade and Investment, this program encourages lenders that otherwise might be reluctant to loan working capital to exporters to take advantage of Eximbank's 90% guarantee. Available for pre-exporting activities including inventory purchases, production and marketing.

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MIFA's Board of Directors consists of nine members. Six members are appointed by the Governor from the private sector and serve staggered three-year terms; three members are public officials who serve ex-officio. All serve without compensation.

Massachusetts Industrial Finance Agency

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